

MINUTES
UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS
FINANCE AND ADMINISTRATION COMMITTEE

Thursday, August 25, 2016 – The members of the Finance and Administration Committee of the University of Houston System convened at 1:53 p.m. on Thursday, August 25, 2016 at the Hilton University of Houston Hotel, Conrad Hilton Ballroom, Second Floor, 4450 University Drive, Houston, Texas, with the following members participating:

ATTENDANCE –

Present

Spencer D. Armour, III, Chair
Welcome W. Wilson, Jr., Vice Chair
Gerald W. McElvy, Member
Peter K. Taaffe, Member
Tilman J. Fertitta, Ex Officio

Non-Member(s) Present

Durga D. Agrawal, Regent
Beth Madison, Regent
Paula M. Mendoza, Regent
Roger F. Welder, Regent
Joshua A. Freed, Student Regent

In accordance with a notice being timely posted with the Secretary of State and there being a quorum of the board present, Chair of the Committee, Spencer D. Armour, III called the meeting to order.

Regent Armour moved to the first item on the agenda, Item B, the approval of the minutes from the February 18, 2016, Finance and Administration Committee meeting.

AGENDA ITEMS

Action Items:

1. Approval of Minutes – Item B

On motion of Regent Wilson, Jr., seconded by Regent McElvy, and by a unanimous vote of the members in attendance, the minutes from the following meeting listed below was approved:

- February 18, 2016, Finance and Administration Committee Meeting

Regent Armour stated the committee would be presented nine (9) agenda items, all of which would be for the committee's consideration and approval. The first five (5) action items (Items C through Item G) pertained to delegating authority to the Chancellor to negotiate and execute contracts for various projects at the University of Houston System. They were as follows:

1. Item C - Approval is requested to delegate authority to the Chancellor to negotiate and execute the contracts for the restoration of the Science Building at the University of Houston – University of Houston, F&A-C;

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2. Item D - Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for design and construction for the Indoor Football Practice Facility project at the University of Houston – University of Houston, F&A-D;
3. Item E - Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for design and construction for the Katy Academic Building Project in the West Houston/Katy region – University of Houston System, F&A-E;
4. Item F - Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for design and construction for the Student Housing Facility at the University of Houston-Clear Lake – University of Houston-Clear Lake, F&A-F; and
5. Item G - Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for the construction of the University of Houston-Downtown Science and Technology Building – University of Houston-Downtown, F&A-G.

Mr. Jim McShan, Senior Vice Chancellor for Administration and Finance introduced the first item, Item C, concerning the contract for the restoration of the Science Building as general purpose and general space. The “Old” Science Building was constructed in 1939 and taken out of service in 2014 due to significant “aged building” deferred maintenance issues; and it would function as swing space to support the sequenced renovation of legacy buildings on campus for the Campus Core Project. This project was the lead project for the UH Campus Core Project Initiative and consists of major components, such as: exterior restoration, asbestos abatement, lead paint removal, etc. The total cost of this project was \$15.0 million, with the source of funds from HEAF. The start date of construction for this project will begin in March 2018 with occupancy in September 2018. A brief discussion followed.

Item D was the next item addressed by Mr. McShan for contracts for an amount not to exceed \$20.0 million for the design and construction for the Indoor Football Practice Facility project at the University of Houston. This project includes the construction of approximately 95,000 GSF Indoor Football Practice Facility consisting of a steel structure, a synthetic turf practice field, weight room, A/V, graphics and viewing platforms. The construction start date will be November 2016, with occupancy in November 2017. In addition, this facility will be funded by gifts.

Mr. McShan asked Mr. Hunter Yurachek, Vice President for Intercollegiate Athletics, to give a brief summary to the committee on this proposed facility. Below is a brief outline of Mr. Yurachek’s remarks:

- The scope of the project was detailed as follows:
 - It will be a full-size football field, with 120 yards and a ceiling height of approximately 70 feet in the center which would allow for kicking and punting;
 - It will be temperature controlled; and
 - The facility sits adjacent to the field training area.

A powerpoint presentation was distributed at the meeting and a copy has been filed in the Board office.

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The next item addressed was Item E, contracts for the design and construction for the Katy Academic Building Project in the West Houston/Katy region – University of Houston System. Mr. McShan introduced this item and stated this project would be for construction of an approximately 80,000 GSF academic facility consisting of lecture/seminar classrooms, administrative suites, offices, common areas, labs, competition space, etc. It would be financed with Capital Construction Bonds for an amount not to exceed \$33.0 million. Construction for this facility would begin in Fall 2017, with occupancy in August 2019.

Mr. McShan introduced Item F, contracts for design and construction for the Student Housing Facility at the University of Houston-Clear Lake for an amount not to exceed \$22.0 million. This project is construction of an approximately 300 student bed facility at roughly 80,000 GSF; and will consist of semi-site and private student rooms, community kitchen, and lounge spaces. Construction for this project would begin in late Fall 2016, with occupancy in early summer 2019. This project will be financed with revenue bonds which will be funded through the housing costs (room and dorm rates) charged.

Last of the five (5) action items addressed by Mr. McShan was Item G, contracts for the construction of the University of Houston-Downtown Science and Technology Building for an amount not to exceed \$68.0 million. This project will be for approximately a 115,000 square foot building and will house programs in chemical and molecular life sciences and engineering in order to expand and build upon its current high impact experiences for undergraduates through faculty-student research and modern project-driven laboratory courses. It will be financed with Capital Construction Bonds; and construction of this project would begin October 2017, with occupancy in July 2019.

Following the presentation of this item, Regent Armour called for the vote regarding committee approval for the first five (5) action items presented.

On motion of Regent McElvy, seconded by Regent Taaffe, and by a unanimous vote of the committee members in attendance, Items C through Item G were approved.

Regent Armour stated the following two (2) action items (Item H and Item I) were presented together and the vote would be called following the presentation of these two (2) items. They were as follows:

1. Item H – Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts exceeding \$1 million for the purchase of goods and services, excluding construction contracts, at the University of Houston System – University of Houston System, F&A-H; and
2. Item I – Approval is requested to delegate authority to the Chancellor to negotiate and execute construction contracts exceeding \$1 million for projects at the University of Houston System – University of Houston System, Item I.

Mr. McShan introduced and presented Item H. The first project addressed was for marketing and advertising at UH-Clear Lake (UHCL) to develop and implement an advertising and

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marketing communications program to build and sustain enrollment growth at UHCL. The vendor for this project was Richards Carlberg in the amount of \$4.5 million. UH-Clear Lake had previously used this firm with great success and they were seeking to implement a new contract with them.

Mr. McShan addressed the next contract listed in Item H, the natural gas contract for the University of Houston System. The purpose of this contract was to add four (4) natural gas meters at the UH-Victoria campus to the UH System natural gas contract with the Texas General Land Office. The estimated spend over 27 months (October 2016 to December 2018) would be \$41,000 and would save UH-Victoria approximately \$6,775 per year. In the past, only UH, UH-Downtown and UH-Clear Lake natural gas meters had been approved by the Board to be on the contract. The estimated cost of this contract is approximately \$11,041,000 for the UH System.

The next contract addressed was to increase the scope of the contract to provide implementation and training services to the Division of Research staff for animal care and conflict of interest compliance software, as well as training for human subject compliance software. This contract had been previously approved for \$600,000 and the new contract would increase \$565,000 for a total amount of approximately \$1.1 million. The software is owned by Huron Consulting.

The next contract discussed by Mr. McShan was for Ciber, Inc., who was selectively the Texas Department of Information Resources, who would be the implementation partner for the UH-Downtown PeopleSoft campus solutions implementation. UH-Downtown was the last campus to move over to the PeopleSoft System and they had agreed to do so approximately one year ago. Therefore, this would be the implementation of this project. The cost of this contract will be approximately \$1.2 million.

The last two (2) projects on this list were NPR and PBS programming fees for Houston Public Media in order to broadcast NPR and PBS programs on the KUHF radio and KUHT TV stations, respectively, for FY2017. The annual NPR programming fees amount to \$1.25 million and the annual PBS programming fees amount to \$2.15 million. The funding source for these programming fees are received from donations and community service grants from the Corporation for Public Broadcasting.

After Mr. McShan completed his presentation regarding the projects listed in Item H, questions were raised concerning the \$4.5 million contract for Richards Carlberg. Regent Armour requested President of UH-Clear Lake, William Staples address this item with the committee in order to answer any questions. Dr. Staples stated that this contract was for a five (5) year period, not one (1) year. UH-Clear Lake is currently spending approximately \$500,000 - \$600,000 a year in terms of advertising. Richards Carlberg has worked very closely with UHCL and knows who they are. They meet with the senior leadership team and work closely with UHCL's Executive Director of University Communications, as well as the Associate Vice President for Enrollment Management in advertising, and promoting UHCL to prospective students. Regent Armour pointed out that this was not a five (5) year commitment; that they could opt out if they chose to do so during this five (5) year time period. This was discussed at length by the committee members and following the discussion, the committee decided to table

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this contract until further information has been obtained. This will be brought back to the board for further consideration at the December 1, 2016 meeting.

Mr. McShan then moved to Item I and addressed contracts over \$1 million for construction.

The first three (3) contracts listed in this item were for the approval of contracts up to \$1.5 million to identify three (3) engineering firms to have continuing services. This would allow the University of Houston to do smaller projects without having to go through the selection process which can be quite time consuming through state requirements.

Mr. McShan addressed the next contract on the list which was an Architecture/Engineering (“A/E”) contract for the design services for repairs to the Science and Engineering Research Center (SERC) at the University of Houston campus in the amount of approximately \$1.1 million. This project would be funded with HEAF funds. The construction contract for SERC repairs had been approved by the Board at the February 18, 2016 meeting.

The next three (3) contracts addressed by Mr. McShan were for the Health & Biomedical Sciences II Building: (1) for the A/E services which had increased by \$2 million to allow for the current and anticipated design changes to this building due to program modifications. The vendor for this project is with Shepley Bulfinch in the amount of \$13.5 million; (2) and (3) were contracts for furniture for this building on the UH campus in the amount of \$1.5 million each, which would be funded with HEAF funds.

The next two (2) contracts were for the Basketball Arena Enhancement project. The budget for this project had been approved by the Board at the November 19, 2015 meeting in the amount of \$48.0 million, with funding from gifts. The A/E services contract budget had been approved by the Board at the November 19, 2015 meeting in the amount of \$4.2 million. The vendor for these services will be Pierce Goodwin Alexander and Linville, Inc.

The last contract addressed by Mr. McShan on this list was for the UH Energy Research Park (“ERP”) Building 9B renovation for Petroleum Engineering in the amount of approximately \$5.2 million.

Regent Armour called for a motion to approve both Item H and Item I presented by Mr. McShan, with the exception of withholding approval for the advertising and marketing contracts at UH-Clear Lake, which was one (1) of the contracts presented in Item H.

On motion of Regent Taaffe, seconded by Regent Wilson, Jr., and by a unanimous vote of the committee members in attendance, these two (2) action items were approved with the exception as noted above in Item H.

Regent Armour asked Mr. McShan to present the last two (2) action items for the committee’s consideration and approval (Item J and Item K) as follows:

1. Item J – Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for a cell phone tower lease at the University of Houston-Downtown; and

2. Item K – Approval is requested to delegate authority to the Chancellor to take all actions precedent for the purchase of property located in Victoria for the benefit of University of Houston-Victoria.

Mr. McShan stated that Item J was requesting approval for a ground lease evidencing the relocation of a cell phone tower and the terms of payment for such on the University of Houston-Downtown campus. UHD has had a lease with Crown Castle for approximately 20 years, and UHD wishes that Crown Castle relocate the cell phone tower so they may develop the tower's current location. This ground lease also involves an increase in monthly payments to UHD. This would be a new contract; and the terms outlined in the contract would be UHD would pay \$18,000 per year for five (5) years with three (3) successive renewal terms with various increases built-in.

Mr. McShan addressed Item K requesting approval for the delegation of authority to the Chancellor to take all actions precedent for the purchase of property located in Victoria for the benefit of UHV. This request is in accordance with Board of Regents Policy 55.01. The property in question is part of Victoria's Town Plaza Mall, which consists of approximately 10 acres and 124,000 square feet. The cost of this property was \$1.9 million; and approximately \$150,000 below the average of the two (2) appraisals. This space would house approximately 50% of the library collection and offer space for Dalkey Press, Small Business Development Center, Regional Economic Development Center, incubator space and climate controlled space for records retention and storage. This land would also allow for additional student parking with an added shuttle bus stop. A brief discussion followed.

President of UH-Victoria, Raymond "Vic" Morgan also discussed grants which UHV has been working on that were of value for this facility. Dr. Morgan stated they were currently in the second phase of a grant with the Economic Development Center of the Federal government for approximately \$2.5 million that would go towards some of the renovation of this facility if the grant were funded. They have approved the pre-proposal and UHV was currently putting another grant together for that. He also stated they would continue to look for opportunities; and he did state that this location was ideal to do several things.

Dr. Morgan stated that as Mr. McShan had mentioned earlier, that the elimination of the need for a parking garage at UHV was significant by using the shuttle bus service, as there were many campuses that use shuttle services for students to go back and forth to campuses. Dr. Morgan reiterated that the university was currently land-locked where they are and that there was not much land available around the university to purchase.

On motion of Regent Taaffe, seconded by Regent Wilson, Jr., and by a unanimous vote of the committee members in attendance, Item J and Item K was approved by the committee as presented.

At the conclusion of the approval of these last two (2) action items, Regent Armour called for a motion to place all nine (9) action items presented to the committee on the Board of Regents'

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Consent Docket Agenda for final Board approval at the Board of Regents meeting scheduled for later today, Thursday, August 25, 2016.

On motion of Regent McElvy, seconded by Regent Taaffe, and by a unanimous vote of the committee members present, the following nine (9) action items will be placed on the Board of Regents' Consent Docket Agenda for final approval at the August 25, 2016 Board meeting as listed below.

1. Approval is requested to delegate authority to the Chancellor to negotiate and execute the contracts for the restoration of the Science Building at the University of Houston;
2. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for design and construction for the Indoor Football Practice Facility project at the University of Houston;
3. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for design and construction for the Katy Academic Building Project in the West Houston/Katy region – University of Houston System;
4. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for design and construction for the Student Housing Facility at the University of Houston-Clear Lake; and
5. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for the construction of the University of Houston-Downtown Science and Technology Building – University of Houston-Downtown.
6. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts exceeding \$1 million for the purchase of goods and services, excluding construction contracts, at the University of Houston System;
7. Approval is requested to delegate authority to the Chancellor to negotiate and execute construction contracts exceeding \$1 million for projects at the University of Houston System;
8. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for a cell phone tower lease at the University of Houston-Downtown; and
9. Approval is requested to delegate authority to the Chancellor to take all actions precedent for the purchase of property located in Victoria for the benefit of University of Houston-Victoria

It was noted that an Executive Session would not be held.

There being no further business to come before the committee, the meeting adjourned at 2:46 p.m.

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All documentation submitted to the Committee in support of the foregoing action items, including but not limited to “Passed” agenda items and supporting documentation presented to the Committee, is incorporated herein and made a part of these minutes for all purposes; however, this does not constitute a waiver of any privileges contained herein.

Others Present:

Renu Khator
Jim McShan
Paula Myrick Short
Dona Cornell
Eloise Dunn Stuhr
Elwyn Lee
Jason Smith
Lisa Holdeman
Richard Walker
Don Guyton
William Flores
William Staples
Raymond Vic Morgan
Phil Booth
Nicolas Tamayo

Raymond Bartlett
Ed Hugetz
Lisa Shumate
Ashlee Ross
Dick Phillips
Whitney Warlick
Christa Rieck
Don Price
Hunter Yuracheki
Jon Aldrich
Nathan Wolamin
Brian Thomas
Jonathan Snow
Barak Yaryan
Brenda Robles

David Oliver
Mike Glisson
Mike Rosen
Abner Fletcher
Sabrina Hassemani
Dana Rooks
John Vasquez
Emily Messa
Pam Muscarello
Brett Collier
James Wofford
Cindy Mejia
Jane Ottinger
Marquette Hobbs
Gerry Mathisen